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February 25, 2002

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OF COUNSEL  
WILLIAM G. CONLY

Honorable Felix J. Boudreaux  
Commissioner of Conservation  
State of Louisiana  
Post Office Box 44275  
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hosston Zone, Reservoir B, RED RIVER-BULL  
BAYOU FIELD, Red River Parish, Louisiana.

Dear Sir:

STROUD PRODUCTION, L.L.C. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Hosston Zone, Reservoir B, in the Red River-Bull Bayou Field, Red River Parish, Louisiana:

1. To create one (1) additional drilling and production unit for the exploration for and production of gas and condensate from the Hosston Zone, Reservoir B, such unit being shown on the attached plat and being designated HOSS RB SUE.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed additional unit in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each tract sharing in unit production on a surface acreage basis of participation.
3. To designate the Stroud Production, L.L.C.--Blount 2-10 No. 1 Well, at the location shown on the attached plat, as the unit well for HOSS RB SUE.
4. To designate Stroud Production, L.L.C., as operator of HOSS RB SUE.
5. To redefine the Hosston Formation, Reservoir B, insofar and only insofar as to HOSS RB SUE, as that gas and condensate bearing zone encountered between the depths of 6,140 feet and 9,200 feet, measured depths, in the River Rouge Minerals (formerly Nabors Drilling Co., Inc.)--McCulloch-Hill No. 1 Well, located in Section 19, Township 12 North, Range 11 West, DeSoto Parish, Louisiana.

6. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 109-N-2, effective December 19, 2001, to the proposed additional unit for the Hosston Zone, Reservoir B.

7. To discuss such other matters as may be pertinent.

The Hosston Zone, Reservoir B, in the Red River-Bull Bayou Field, DeSoto and Red River Parishes, Louisiana, was initially defined in Office of Conservation Order No. 109-N-2, effective December 19, 2001, and is proposed to be redefined, as to HOSS RB SUE only, as set forth above.

Pertinent data concerning this application is available for inspection at the offices of Stroud Production, L.L.C., 333 Texas Street, Suite 860, Shreveport, Louisiana. Any person wishing to inspect such data should call Mr. Robert Stroud at (318) 429-2260 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

By letter dated February 4, 2002, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these matters and a pre-application conference with respect to Applicant's proposals was thereafter held beginning at 10:00 o'clock a.m. on February 25, 2002, at the offices of the undersigned. Attached is a list of the names and addresses of those persons present at the conference.

On behalf of Applicant, Mr. David Smelley explained the purpose of the conference and Mr. Gary Hanson presented the bases for Applicant's proposals by sufficient data and detail for those present at the conference to have a reasonable opportunity to discuss the proposals and attempt to resolve any differences in good faith. It was noted at the outset of the conference that Applicant was amending its proposals to include a proposal to redefine the Hosston Zone, Reservoir B (as to HOSS RB SUE only) since Applicant's proposed unit well for HOSS RB SUE would test portions of the Hosston Zone deeper than the base as currently defined in Order No. 109-N-2. Following Applicant's presentation, there was a general question and answer period concerning the proposals of Applicant, after which Mr. Tim Allen and Mr. David Billingsley, Jr., representing Hilliard Petroleum, Inc., presented a counterplan which proposed creation of a geographical unit different from that proposed by Applicant. After a discussion of the counterplan, the conference was adjourned without any compromise having been reached. Representatives of various parties indicated their support of Applicant's proposals or of the counterplan.

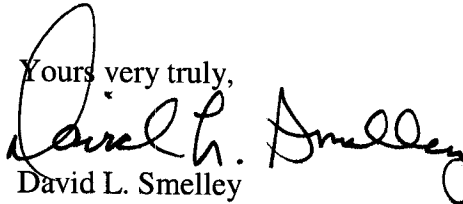
Attached hereto is a plat outlining Applicant's proposed unit, which plat is identical to that attached to the pre-application notice. Also attached hereto is a list of the names and

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addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plat, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Red River-Bull Bayou Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,  
  
David L. Smelley

-- Attorney for Stroud Production, L.L.C.

DLS:dp  
Enclosures

cc: Mr. Jim Broussard (w/encl.)  
Mr. Robert Stroud (w/encl.)  
Interested Owners, Represented Parties  
and Interested Parties (w/plat only)

